

The complaint

Mr K complains that Revolut Ltd won't refund the money he lost when he was the victim of a scam.

What happened

In June 2023, Mr K met a woman on a dating website. They started talking, first through the website and then through an instant messaging service. And their relationship developed to the point where they were messaging most days and Mr K thought they were in a romantic relationship.

At some point, the woman told Mr K she earned money investing in cryptocurrency and offered to teach him to do so as well. And as Mr K trusted the woman at this point, he agreed. The woman then told him to open an account with an investment company and said she would trade on his behalf. And as Mr K could see his investment and the profit he was supposedly making on the investment company's trading platform, and the woman told him he'd get higher returns the more he invested, he made a number of payments from his Revolut account towards the investment.

I've set out the payments Mr K made from his Revolut account below:

| Date | Details | Amount |
|--------------|--------------------------------------------|---------|
| 8 June 2023 | To 1 st cryptocurrency exchange | \$1,969 |
| 12 June 2023 | To 1 st cryptocurrency exchange | £900 |
| 14 June 2023 | To 2 nd cryptocurrency exchange | £500 |
| 14 June 2023 | To 2 nd cryptocurrency exchange | £500 |
| 15 June 2023 | To 2 nd cryptocurrency exchange | £2,500 |
| 15 June 2023 | To 2 nd cryptocurrency exchange | £2,700 |
| 23 June 2023 | To 3 rd cryptocurrency exchange | £1,000 |
| 27 June 2023 | To 3 rd cryptocurrency exchange | £3,650 |
| 1 July 2023 | To 3 rd cryptocurrency exchange | £1,000 |
| 3 July 2023 | To 3 rd cryptocurrency exchange | £4,300 |
| 4 July 2023 | To 3 rd cryptocurrency exchange | £2,500 |
| 5 July 2023 | To 3 rd cryptocurrency exchange | £7,596 |
| 20 July 2023 | To 2 nd cryptocurrency exchange | £13,500 |

Unfortunately, we now know the woman and the investment company were scammers. The scam was uncovered after Mr K tried to withdraw the profit the trading platform showed he had made, but was told he needed to pay a significant amount before he could withdraw. Mr K then realised he had been the victim of a scam.

Revolut investigated but said it had proactively warned Mr K about the risk of scams on several occasions, but he chose to continue to make the payments. So it didn't agree to refund the money he had lost. Mr K wasn't satisfied with Revolut's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think Revolut should have been expected to prevent Mr K's loss, as they didn't think any intervention would have stopped him making the payments. So they didn't think Revolut should have to refund the payments he made. Mr K disagreed with our investigator, so the complaint has been passed to me.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that an Electronic Money Institution ("EMI") such as Revolut is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

Taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable from June 2023 that Revolut should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Revolut sometimes does);
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

But even if Revolut had taken the action I would have expected it to take when it recognised Mr K was at heightened risk of financial harm from fraud, I don't think it would have prevented his loss. I'll explain why below.

I'm satisfied Revolut ought to have recognised that Mr K was at heightened risk of financial harm from fraud by at least the point he made the sixth payment here, as at this point he'd made a number of payments in a short period of time including some identifiably to a cryptocurrency exchange. And I think it ought to have recognised a risk again when he made the final two payments here, as these were for significantly larger amounts than previous payments made out of his account.

I think a proportionate response to the risks I think Revolut should have identified would have been for it to carry out human interventions with him to ask about the circumstances of the payments and warn him about the risks of scams.

But Revolut did show Mr K a series of warnings and ask him about the circumstances of the payments before several of the payments he made here.

Before the seventh payment he made, Revolut warned Mr K not to pay someone he doesn't know and trust, and that fraudsters can pretend to be someone you trust. It then asked him to select the purpose of the payment from a list of options, but Mr K selected that it was a 'payment for goods and services' – despite the options of 'investment' or 'crypto currency' seemingly being more appropriate for what he thought he was doing.

Between the twelfth and thirteenth payments he made, Revolut contacted Mr K and explained it believed it was highly likely payments he was making were part of a scam as it had spoken to another customer who attempted similar transactions and confirmed it was a scam. They asked him whether he had been told to create a Revolut account after learning about an investment opportunity on social media, which Mr K answered that he hadn't – despite having learned about the investment company he was using from someone he'd met on social media.

Revolut then warned Mr K that scammers try to trick people into buying cryptocurrencies from fake websites and investment platforms. It asked him if he had access to the cryptocurrency account he was transferring the funds to and how he'd decided which platform to use. And Mr K replied that he did have access to the account and had learned about the platform on the internet – despite now telling our service he didn't move the money from the cryptocurrency account and that the woman he met on the dating site had told him which platform to use.

Revolut then warned Mr K that scammers could contact him about investment opportunities with high returns and little or no risk, use investment platforms where he could not access his funds or advise him on how to reply to its questions. But despite these things seemingly all being relevant to what was happening to him, Mr K said he wanted to continue making payments.

And before the final payment he made here, Revolut again contacted Mr K and asked a series of questions, including whether he had been asked to ignore scam warnings during making the payment. But, despite now telling our service that the woman he met on the dating site was telling him what to tell his banks, he answered that no-one was asking him to ignore warnings.

So even if Revolut had asked these questions earlier, or had asked more open-ended or probing questions, I think it's likely Mr K wouldn't have given it accurate information about the purpose of the payments or the circumstances surrounding them – as happened with the questions he was asked. And so I don't think Revolut would have had significant concerns and I don't think any warning I would have expected it to show following its interventions would have stopped Mr K from making the payments or losing the money he did.

Mr K has mentioned that his personal circumstances at the time made him particularly vulnerable to this type of scam. And my intention isn't to diminish the seriousness of his circumstances or the impact they had on him. But, from what I've seen, I don't think his circumstances were such that I would have expected Revolut to take significantly different action. And so I still don't think anything I would have expected it to have done would have stopped him from making the payments or losing the money he did.

I appreciate that Mr K has been the victim of a cruel scam and that my decision will come as a disappointment to him. He has lost a significant amount of money and I sympathise with the position he has found himself in. But I can only look at Revolut's responsibilities and, for the reasons I've set out above, I don't think anything I would reasonably have expected Revolut to have done would have prevented the loss he suffered. And so I don't think it would be fair to require Revolut to refund the money Mr K has lost.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 18 October 2024.

Alan Millward
Ombudsman